

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Chalice Brands Ltd. (formerly Golden Leaf Holdings Ltd.) (the "Company" or "Chalice")
82 Richmond Street East
Toronto, Ontario
M5C 1P1

Item 2 Date of Material Change

September 16, 2021

Item 3 News Release

A news release with respect to the material change referred to in this report was disseminated through Globe Newswire on September 16, 2021 and subsequently filed on SEDAR.

Item 4 Summary of Material Change

On September 16, 2021, the Company announced that it had entered into an asset purchase agreement and services agreements effective September 16, 2021 to acquire four retail stores branded Cannabliss & Co. from Acreage Holdings, Inc., located in Portland, Eugene, and Springfield, Oregon for total consideration of US\$6.5 million (less US\$500,000 working capital surplus required to be left by the seller).

Item 5 Full Description of Material Change

On September 16, 2021, the Company announced that it had entered into an asset purchase agreement and services agreements effective September 16, 2021 to acquire four retail stores branded Cannabliss & Co. from Acreage Holdings, Inc. ("Cannabliss"), located in Portland, Eugene, and Springfield, Oregon for total consideration of US\$6.5 million (less US\$500,000 working capital surplus required to be left by the seller).

- Under the terms of the asset purchase agreement, Chalice will acquire the assets of four Cannabliss retail dispensaries for total consideration of US\$6.5 million, consisting of US\$250,000 cash payment at the time of signing, offset by working capital surplus of US\$500,000, plus a 10-month secured promissory note for US\$6.25 million carrying interest of 6% for the first five months, 10% for the remaining five months, if necessary.
- Under the terms of the services agreements, Chalice contracts to operate the retail stores including staffing, pricing, and procurement which allows Chalice to deploy its world class retail management best practices and immediately boost top line, bottom line, and restore lost market share as well as optimize vertical margin contribution.
- Oregon dispensaries include two in Portland, one in Eugene, and one in Springfield. Two of the store locations are in buildings that are on the national registry of historic places – Sorority House in Eugene and Firestation 23 in Portland.
- Chalice retail footprint increases from twelve to sixteen stores in Oregon, making this nearly a 130% increase in the current fiscal year. Cannabliss is expected to carry Chalice Brands products immediately upon commencement of services agreements providing the opportunity to increase total gross margins gradually from approximately 42% to at least 52% within a year. Vertical sales of Chalice branded products are expected to be approximately 25% of products sold within a year.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Andrew Marchington, Chief Financial Officer; Tel: 971-269-6092

Item 9 Date of Report

October 3, 2021

CHALICE BRANDS LTD.

By: *Signed* "Andrew Marchington"
Andrew Marchington
Chief Financial Officer